



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
January 25, 2011
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairwoman Traci Stevens called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:30 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Traci Stevens represented the Secretary of the Business, Transportation and Housing Agency.
Miriam Ingenito represented the Director of the Department of Finance.
Francisco Lujano represented the State Treasurer.
Leslie Lopez represented the Secretary of the State and Consumer Services Agency.
D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Paula Connors, and Molly Arnold.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board:

- He personally welcomed new Board Members and delegates and conveyed that each board member was provided with materials about the I-Bank the prior week that included information about the history of the I-Bank, statutes and by-laws, a listing of board meetings, approved financings and other helpful information. He also indicated he had a copy of the materials at the meeting, and that additional copies of the information materials were available upon request.
- He updated the Board on two conduit bond projects--the Asian Art Museum in San Francisco and the Sonoma Academy in Santa Rosa--that were in the news as a result of recent fiscal difficulties, and also stated that each entity was working diligently to resolve its financial issues with either its credit provider or its bondholders.
As required by Resolution 08-35, he reported to the Board that he signed inducement certificates for two separate conduit revenue bonds: i) 7155 Valjean Associates, LLC and Maguire Aviation - Van Nuys : Romeo, LLC (Maguire III) to acquire, renovate and construct approximately 1200,000 square foot fixed base operation facility (including hangar space and offices), located at the Van Nuys Airport in Van Nuys; and ii) Cascade Sierra Solutions, which will establish a loan fund for "green" projects to reduce diesel pollution throughout California.
- He informed the Board that he attended a meeting on January 19th with California Workforce Investment Board (CWIB) where I-Bank staff and representatives of CWIB, the Governor's Office of Economic Development (GoED) and the Governor's Small Business Advocate discussed joint outreach and cross training opportunities in key State financing programs which resulted in commitments to work proactively internally and externally to increase public access to information regarding State financing programs for business and infrastructure.

- He announced to the Board that the I-Bank has determined that due to the Governor's proposal to eliminate redevelopment agencies, staff questions the future viability of redevelopment agencies and their ability to repay Infrastructure State Revolving Fund Program loans. For this reason, the I-Bank will be delaying redevelopment agency financings in order to assess the financial viability of such loans under the proposed change in law.
- He announced the departure of I-Bank staff, Anthony Hipolito, Manager of the Fiscal Unit and his promotion to Branch Chief of the Policy and Financial Management Branch in the Medi-Cal Managed Care Division within the Department of Health Care Services. At the same time he announced the addition of John Lee, Municipal Finance Officer in the Infrastructure State Revolving Fund Program Support Unit, who came from the California Tax Credit Allocation Committee in the State Treasurer's Office.

Consent Items:

3. Approve minutes from the meeting held on December 14, 2010.

Chairwoman Stevens called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Mr. Rice moved to approve the minutes and Mr. Lujano seconded the motion. The minutes were unanimously approved.

Action Items:

4. Resolution No. 11-01 approving an amended and restated indenture and an amended and restated loan agreement and certain additional documents in connection with the addition of a LIBOR-index based interest rate mode for and the anticipated tax reissuance of the California Infrastructure and Economic Development's Bank Variable Rate Demand Revenue Bonds (The Colburn School), Series 2008 which were initially issued for the benefit of The Colburn School to refinance an economic development facility in the City of Los Angeles, California.

Ms. Connors presented a staff report describing the request from The Colburn School to amend bonds issued by the I-Bank in 2008 to effect a remarketing of the bonds to Wells Fargo Bank. The 2008 bonds refinanced previously issued I-Bank bonds, which were initially issued to fund an educational facility that houses a library, performance lab, rehearsal hall, studios, classrooms, practice rooms, cafeteria, dormitory, outdoor plaza and parking facilities located at 201 South Olive Street, Los Angeles, California, and the renovation, furnishing and equipping of an existing educational facility located at 200 South Grand Avenue, Los Angeles, California. She stated that the recent downgrading of the credit rating of Allied Irish Bank necessitated the remarketing request. Ms. Connors introduced Casey Dove from Wells Fargo Bank representing the purchaser.

Chairwoman Stevens called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No 11-01. Mr. Lujano moved to approve the minutes and Mr. Rice seconded the motion. The Board unanimously approved the resolution.

5. Resolution No. 11-02 authorizing an extension of the term of the arbitrage compliance services contract with Bond Logistix LLC for two years, until February 28, 2013.

Ms. Connors presented a staff report describing the request to approve a two-year extension, until February 28, 2013, to the term of the contract between I-Bank and Bond Logistix LLC (BLX). Under the contract, BLX provides arbitrage rebate analysis services related to the Infrastructure State Revolving Fund Program bonds and the State School Fund Apportionment Lease Revenue Bond Program bonds. Ms. Connors reported that I-Bank staff undertook a review of the I-Bank's arbitrage rebate compliance practices to gauge the appropriate administration of BLX's contract, and also consulted with large state and national issuers and the State Treasurer's Office on the use and terms of such contracts. I-Bank staff found that it is common practice among bond issuers to procure yearly interim arbitrage rebate analyses in addition to the mandatory five-year reports, and to contract for rebate analysis services for at least a five year period in order to obtain continuity of service over reporting and rebate cycle. BLX and I-Bank staff have also determined that there is sufficient funding in the contract to cover costs for the anticipated scope of work to be performed over the next two years, and as such, no augmentation in contract funding is being requested.

Chairwoman Stevens called for questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No 11-02 Mr. Rice moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairwoman Stevens called for any other business; there was none.

Public Comment.

Chairwoman Stevens called for any public comment; there was none.

Adjournment.

Chairwoman Stevens declared the meeting adjourned at approximately 1:50 p.m.